

**MINUTES OF THE
GOVERNOR'S BOARD OF ECONOMIC DEVELOPMENT**

August 1, 2011 • 10:00 a.m.

**Governor's Office of Economic Development
324 South State Street, Suite 500
Salt Lake City, UT 84111**

Members Present: Mel Lavitt, Kate Riggs, Rob Adams, Jack Brittain, Lowry Snow, Cliff White, Peter Mouskondis, Mike Dowse, Amy Anderson, Molonai Hola, Sam Granato

Members Absent: Jerry Oldroyd, Jake Boyer, Brent Brown

Visitors: Beth Colosimo, Jeff Edwards, Todd Brightwell, Bill Loos, Ricki Flores, Derek Mellus, Bobalu Mandell, Josh Mandell, Jeff Denton, Marshall Moore, Leigh von der Esch

Staff: Jenni Osman, Spencer Eccles, Chris Conabee, Roxanne Graham, Jenny Kellis, Laura Lewis, Tara Thue, Gerardo Zepeda-Bermudez, Kelliagh Cole, Zachary Derr, Christina Oliver, Miguel Rovira, Michael Sullivan, Riley Cutler

Welcome

Mel Lavitt, chairman of the Governor's Office of Economic Development, welcomed everyone to the August 1, 2011 board meeting at the Governor's Office of Economic Development.

Approval of the July 14, 2011 minutes

MOTION: Cliff White moved to approve the minutes of July 14, 2011 GOED Board Meeting. Peter Mouskondis seconded the motion. Motion carried unanimously.

EDCU Report

Jeff Edwards, President of EDCU, provided an update on the amount of projects they have in the pipeline year to date. He spoke on the projects themselves and how many jobs will be created per potential project. Most projects that are in the pipeline currently are larger than they have been in the recent past with more potential revenue and more potential jobs available in the near future.

Life Science Tax Credit

Background

During the last session, the Legislature passed the Technology and Life Science Economic Development Act:

- Authorizes GOED to issue up to \$1.3M in tax credits to qualifying life science and technology companies and their investors
- Helps early stage companies
- Consists of 3 types of tax credits:
 - Capital gains tax credit for investors
 - Investment tax credit for investors
 - New state revenue tax credit for companies
- Mandates a July 1 application deadline and August 1 deadline to award credits
- Legislation effective as of May 10, 2011
- GOED hired Zachary Derr as Program Manager on May 31, 2011
- GOED received 9 applications for the new state revenue credit by July 1
- New state revenue credit is similar to EDTIF, new state revenue from corporate income tax, sales tax and wage withholding
- Differs from EDTIF, geared toward early stage companies
- Applications reviewed by an independent committee

Application Process

- Applications submitted by July 1, 2011
- Nine applicant companies
- Applicant companies required to provide
 - Overview of company history and products
 - Financial and tax information
 - Letter of local support
 - Overview of new product
 - Fiscal Impact Questionnaire (FIQ)

Review and Selection Process

- Independently reviewed attached application summaries and FIQ for nine applicant companies
- Held three group meetings to discuss purpose of incentive, companies and award recommendations
- Reviewed FIQ and financial information such as cash on hand and burn rate
- Reached a unanimous recommendation for tax credit recipients and dollar award amounts
- Ranking and final allocation recommendation based on the following criteria:
 - FIQ information
 - Benefit and usage of tax credit dollars
 - Safety of tax credit investment for the State of Utah
 - Job creation as a return on investment

Zachary Derr, gave a brief overview of the four companies that were recommended to incent per new legislation. The companies are Aribex, Catheter Connections, Domain Surgical, and Blackrock Microsystems.

MOTION: Mike Dowse moved to approve that Aribex be allotted \$350,000 post- performance over 3 years, Catheter Connections be allotted \$300,000 post- performance over 3 years, Domain Surgical be allotted \$250,000 post- performance over 3 years, and Blackrock be allotted \$100,000 post- performance over 3 years. The remaining \$300,000 is set aside to be available for the investment and capital gains tax credits. Sam Granato seconded the motion. Jack Brittain recused himself from the vote. Motion was carried unanimously.

Motion Picture Policy

The purpose of the Motion Picture Incentive Program (MPIP) is to encourage the use of Utah as a site for the production of motion pictures, television series and made-for-television movies. Utah's natural beauty, scenic wonders and diverse topography provide a variety of magnificent settings from which the motion picture industry can choose to film part, or all, of a production.

In support of the film industry in the State of Utah the Governor and Legislature have approved the MPIP. The State of Utah, with advice from the Governor's Office of Economic Development (GOED) Board of Directors, may provide post-performance financial incentives to production companies in order to help develop a strong motion picture industry presence in the State that will contribute substantially to improving Utah's economy.

Leigh von der Esch gave a brief update on the changes that the Film Commission is proposing and how it will help bring more films to Utah, in turn creating more jobs.

MOTION: Kate Riggs moved to approve for the Significant Percentage of Cast and Crew from Utah and Promotional Opportunities (new). Peter Mouskondis seconded the motion. Motion was carried unanimously.

It is the policy of the Motion Picture Incentive Program that in accordance with the language of the legislation included in the motion picture amendments (House Bill 99, General Session 2011 http://le.utah.gov/~code/TITLE63M/htm/63M01_180400.htm) that;

1. In order for films, whose budgets are \$1 million or greater, to be eligible to receive up to an additional 5% to the baseline incentive of 20% for a total incentive of 25%, a film production company must:

- a. Meet the definition of "significant percentage of cast and crew from Utah", which shall be no less than 85% of the total in-state hires of cast and crew, excluding extras casting.

Motion Picture- The You in Me

Project Highlights

- Category: Feature Film (Independent)
- Genre: Comedy
- Director: Babaloo Mandel
- Producers: Babaloo Mandel, Joshua Mandel, Deborah J. Chesebro

Utah Jobs and Revenue

- Estimated Cast: 20
- Estimated Cast Average Salary: \$1,668.56/day
- Estimated Crew: 158
- Estimated Crew Average Salary: \$479.50/day
- Estimated Extras: 1,035
- Estimated Extras Average Salary: \$139/day
- Length of Film Production: 40 days
- Estimated Spend: \$11,911,933

Project Schedule

- Prep: August 22, 2011 – October 2, 2011
- Principal Photography: October 3, 2011 – December 21, 2011
- Wrap: December 22, 2011 – January 6, 2012

MOTION: Amy Anderson moved to approve for The You In Me, LLC a Motion Picture Incentive Program post-performance tax credit of no less than \$2,382,000 (which represents 20% of dollars left in state). An additional 5% (\$595,900) may be added should they achieve the 85% cast and crew as required by the Motion Picture Incentive Policy for the production of 'The You In Me'. Sam Granato seconded the motion. Motion was carried unanimously.

- Incentive offer based on receipt the of a complete MPIF application including a script and proof of financing
- Must meet \$1,000,000 minimum dollars left in state to be eligible for the incentive
- Dollars left in state start date no earlier than 30 days prior to the Governor's Office of Economic Development Board of Directors approval
- The You In Me, LLC may be eligible for an additional 5% incentive upon verification of meeting the criteria as adopted by the GOED Board or administered by the Governor's Office of Economic Development and the Utah Film Commission. Total incentive with this condition, if all terms are met to the satisfaction of the Utah Film Commission, shall not exceed \$2,977,900 (25% of the dollars left in state)

Babaloo Mandell, writer of "The You in Me" gave a brief overview on what the film is about and also spoke on how excited he is for this incentive. He spoke on the success of his past films and why Utah will help make this next one successful also.

Spencer Eccles, Executive Director of the Governor's Office of Economic Development, thanked everyone that attended this meeting, the staff that worked hard to make this happen, the board members for all of their countless hours that they work to help make these incentives possible. He announced the departure of Christina Oliver, Director of Corporate Recruitment and Incentives to take another position at the Utah Transit Authority (UTA), thanking her for all of her hard work in helping make the program what it is today.

Meeting adjourned.